

Fully Guaranteed Contracts Explained

By: Luke Erbs

If you follow the National Football League at all, chances are you have heard something about a fully guaranteed contract, regardless of your background knowledge of what this means. You have likely heard about the \$84 million fully guaranteed contract for Kirk Cousins or the record-breaking \$230 million fully guaranteed contract for Deshaun [Watson](#). As these types of contracts become more popular in the NFL, it is no wonder that stars such as Lamar Jackson are looking for fully guaranteed contracts when they sign their new deals. The biggest question is: Why are owners like the Baltimore Ravens refusing to sign these deals?

A [fully guaranteed contract](#) is one where the players and team meet an agreed amount, and that amount is due to the player over the specified number of years, regardless of whether or not the player plays. These types of contracts are special for a number of reasons, the most obvious being that the player eliminates the significant risk of injury by guaranteeing that they will be paid, regardless of their injury status. On the owner's side, the owners are required to put this amount of money into escrow, requiring an owner to ensure they have that amount of cash on hand from the contract's inception. Almost every other professional sports league has normalized fully guaranteed contracts for star [players](#). So why hasn't the NFL?

From the point of view of the owners, it is financially difficult. Placing guaranteed money in an escrow may require liquidation of the owner's assets when they may not have such large amounts of cash on hand. In addition, it is financially risky. Football is a violent sport of which injuries have become a mainstay. The Most Valuable Player one year can have a season ending injury the next year. Outside the scope of torn ACLs and torn pectoral muscles ([two of the most common season ending injuries in football](#)), we witnessed a player die on the field during a game

in 2022. Fully guaranteeing money can lead to an owner wasting hundreds of millions of dollars, debilitating their ability to get other players and win more games.

However, the players appear to be standing strong and requiring more guaranteed money. Look no further than Lamar Jackson, former league MVP, who has led his own contract negotiations this off-season. Lamar, mainly through social media, has indicated that he wants an increased guaranteed amount. He stated that the 3 year, \$133 million guaranteed with incentives to get that amount higher was not satisfactory. He requested a trade from the Baltimore Ravens, but as of now, he is playing under the Ravens' non-exclusive, \$32.4 million franchise tag.

I think that this shift to more fully guaranteed contracts will happen shortly. All it will take is for a few owners to agree to fully guaranteed contracts with young stars, and all the other owners will have to fall in line in order to keep up. While the owners are stingy with their BILLIONS of dollars, they want to win more than anything. And the best way to win is to get the best players. The best players have always, and will continue to, require the most money.